

PUBLIC DISCLOSURE

January 21, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Citizens Bank of Polson
213 First Street West
Polson, MT 59860
RSSD #620752

**Federal Reserve Bank of Minneapolis
90 Hennepin Avenue, P.O. Box 291
Minneapolis, MN 55480-0291**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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*Definitions for many of the terms used in this performance evaluation can be found in section 228.12 of Regulation BB. For additional convenience, a “**Glossary of Common CRA Terms**” is attached as Appendix A at the end of this performance evaluation.*

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory."

The bank's performance under the Community Reinvestment Act ("CRA") is satisfactory. The evaluation was conducted using the Small Bank CRA Evaluation Procedures. The rating is based on several factors:

- First, the bank lends to borrowers of different income levels and to businesses of different sizes. The consumer and small business loan sample shows that the bank has a strong level of lending to borrowers of different income levels and businesses of different sizes.
- Second, the geographic distribution of the bank's loans is satisfactory. The bank originated consumer and small business loans in the majority of the geographies in the assessment areas. There are no unexplained gaps in lending patterns.
- Third, the bank originated a substantial majority of consumer and small business loans within its assessment areas.
- Fourth, given the bank's asset size and financial condition and the assessment areas' credit needs, the bank's net loan-to-deposit ratio is reasonable and meets the standards for satisfactory performance.

DESCRIPTION OF INSTITUTION

Offices. First Citizens Bank of Polson effectively meets the credit needs of consumers and businesses in its assessment area. The bank received a satisfactory rating at its last CRA performance evaluation dated January 11, 1999.

First Citizens Bank of Polson operates as a full-service bank in Polson, Montana, with one branch in East Missoula, Montana. The bank also operates nine automated teller machines (“ATM”), which are located at each office as well as several businesses in Polson and Missoula, Montana. The ATMs are available 24 hours a day and allow cash withdrawals, transfers, and account inquiries but do not accept deposits. The bank’s office hours have not changed since the previous CRA evaluation. The bank also offers an informational Internet web site. The web site lists the bank’s loan and deposit products and office hours.

Loan portfolio. According to the September 30, 2002, Report of Condition (“ROC”), the bank’s assets total \$28 million. The ROC data indicates the bank is primarily a commercial lender. Commercial loans make up 52% of the bank’s loan portfolio. Consumer real estate consists of 25% of the bank’s portfolio and consumer loans make up 22%. Only 1% of the bank’s loans are agricultural.

Credit products. The bank offers a variety of loan products to meet the credit needs of the residents and businesses in its assessment areas. The bank extends commercial loans including Small Business Administration loans. Consumer loan products include purchase-money loans for automobiles and other goods and consumer purposes. The bank extends conventional real estate loans, including temporary construction, purchase-money, refinance, and home improvement loans. The bank sells real estate loans on the secondary market. The bank also offers government-guaranteed and insured residential real estate loans in addition to the Federal Home Loan Bank’s HomeStart program and Montana Board of Housing loan programs. These programs are designed to help low- and moderate-income first-time homebuyers with down payments and closing costs.

DESCRIPTION OF FIRST CITIZENS BANK OF POLSON’S ASSESSMENT AREAS

The bank designated two assessment areas for purposes of CRA. The Missoula assessment area is composed of the Missoula metropolitan statistical area (“MSA”), which is Missoula County. The East Missoula branch is located in this assessment area. The Polson assessment area consists of Lake County. The bank’s main office in Polson is in this assessment area. The evaluation is based on the bank’s performance in both assessment areas.

The bank’s main office is located in a non-MSA, while the branch in East Missoula is located in an MSA. The Small Bank Evaluation Procedures require the bank’s performance in the net loan-to-deposit ratio category and the lending within the assessment areas category be evaluated using the bank’s overall assessment area. The regulation also requires that the bank’s performance in the lending to borrowers of different income levels and businesses of different sizes category as well as the geographic distribution of lending category be evaluated separately for the MSA assessment area and the non-MSA assessment area. The overall rating for each category is provided at the beginning of each section.

In addition to discussions with bank management, examiners contacted several representatives of the community familiar with the credit needs and current economic issues of the assessment areas. Contacts included individuals working for community-based development corporations, local tribal offices, and housing authorities. Information received from the contacts and bank management was used to evaluate

the bank's CRA performance. The community contacts did not identify any unmet credit needs in the assessment areas.

Table 1 shows the demographic characteristics of each assessment area and lists the families in the assessment areas by income category.

TABLE 1 CHARACTERISTICS OF THE BANK'S ASSESSMENT AREAS*			
<i>Assessment Area Information</i>	<i>Missoula</i>	<i>Polson</i>	<i>Overall</i>
<i>Tract Summary</i>			
Total Number of Geographies	19	7	26
Number of Low-Income Geographies	0	0	0
Number of Moderate-Income Geographies	6	2	8
Number of Middle-Income Geographies	9	5	14
Number of Upper-Income Geographies	3	0	3
Number of Geographies Where Income is Unknown	1	0	1
<i>Income Summary</i>¹			
Median Family Income 1990	\$30,360	\$26,977	\$29,179
Percentage Low-Income Families	19%	27%	21%
Percentage Moderate-Income Families	16%	20%	16%
Percentage Middle-Income Families	20%	23%	21%
Percentage Upper-Income Families	45%	30%	42%
<i>Miscellaneous Information</i>			
Total Population	78,687	21,041	99,728
Population in Low-Income Geographies	0%	0%	0%
Population in Moderate-Income Geographies	26%	23%	25%
Population in Middle-Income Geographies	50%	77%	56%
Population in Upper-Income Geographies	22%	0%	18%
Population in Geographies Where Income is Unknown	2%	0%	1%
Percentage of Families With Incomes Below Poverty Level	12%	17%	13%
Total Housing Units			
Percentage Owner-Occupied to Total Units	55%	50%	54%
Percentage Rental to Total Units	37%	21%	33%
Percentage Vacant to Total Units	8%	29%	13%
*All data is from the 1990 U.S. Census unless otherwise noted.			

MISSOULA MSA ASSESSMENT AREA

Assessment area. The Missoula MSA is located in the western region of the state. The Missoula MSA assessment area consists of 19 census tracts ("CT"). The income level of CT 5.0 is unknown because the majority of residents in the tract are students from the University of Montana. The bank's branch in East Missoula, Montana, is located in CT 4.0, a moderate-income geography. The Missoula MSA assessment area includes Montana's second largest city, Missoula, which is a major medical and retail hub in western Montana. In addition to Missoula, communities in the assessment area include Milltown, Seeley Lake, Bonner, Clinton, Evaro, and Frenchtown.

¹See the glossary in Appendix A for the definitions of low, moderate, middle, and upper income.

Economy. According to community contacts, economic growth in the Missoula MSA assessment area is strong. The largest employment growth is in the service industry. Missoula has also experienced a growth in small businesses, some of which are in the software development field. The largest private employers in Missoula County include the Community Medical Center, Western Montana Clinic, and several retail and service establishments in the area. According to the Montana Department of Labor and Industry, the 2001 annual average unemployment rate in Missoula County was 3.6%.

Community contacts indicated that banking competition in the assessment area is very strong. Numerous bank and nonbank financial institutions serve the credit needs of the residents and businesses in the assessment area. For example, branches of large regional banks, various community banks, brokerage firms, and several credit unions are located within the assessment area. Community contacts also noted that there has been a large increase in the number of pawnshops that offer loans to consumers for emergency purposes.

Population. According to 1990 U.S. Census data, the population of the Missoula MSA assessment area is 78,687. Recently released 2000 U.S. Census data shows the population of the assessment area increased to 95,802 or 18%. Table 1 illustrates various demographic characteristics of the bank's Missoula MSA assessment area.

POLSON ASSESSMENT AREA

Assessment area. The Polson assessment area is composed of Lake County, Montana. Lake County is a nonmetropolitan area and is located in the northwestern section of the state. The bank's Polson assessment area consists of seven block numbering areas ("BNA"). The bank's main office in Polson, Montana, is located in Lake County BNA 9953, a middle-income geography. Lake County borders the southwestern shores of Flathead Lake. The borders are aligned closely with those of the Flathead Indian Reservation, home of the Confederated Salish and Kootenai Tribes. Larger communities in the assessment area include Polson, Ronan, St. Ignatius, and Pablo.

Economy. According to bank management and community contacts, economic growth in the assessment area is slow. The service sector is the primary industry in Lake County in terms of both revenue and employment. The tourism industry in Lake County has shown steady growth and the scenic landscape is attracting a large number of retirees. Many retirees build larger and more expensive homes along Flathead Lake and live there only through the warmer months of the year. The economy slows in the winter months due to a decrease in seasonal residents and tourism. The largest private employers in Lake County include the Confederated Salish and Kootenai Tribes (tribal office); Plum Creek Manufacturing, Inc.; Home Caregivers, Inc.; St. Joseph Medical Center; and St. Luke Community Healthcare Network. Although Polson is the county seat, a large percentage of the disposable income of area residents is spent in larger regional shopping centers in Missoula and Kalispell. According to the Montana Department of Labor and Industry, the 2001 annual average unemployment rate in Lake County was 8.6%. The unemployment rate has historically been higher than state and national averages due to the seasonal nature of many of the available jobs in the area.

Bank management indicated the banking competition in the assessment area is very strong. Numerous bank and nonbank financial institutions serve the credit needs of the residents and businesses in the assessment area. Community contacts stated that a local tribal government is planning to open a bank for tribal members.

Population. According to 1990 U.S. Census data, the population of the Polson assessment area is 21,041. Recently released 2000 U.S. Census data shows the population of this assessment area increased to 26,507 or 21%. Table 1 illustrates various demographic characteristics of the bank's Polson assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's performance in meeting the credit needs of its assessment areas is satisfactory. Table 2 shows the bank's loan originations by number and dollar volume between January 1, 2002, and October 31, 2002.

TABLE 2				
LOAN ORIGINATIONS – JANUARY 2002 THROUGH OCTOBER 2002				
<i>Loan Type</i>	<i>Total Number of Loans</i>	<i>Percentage of Total Loans</i>	<i>Total Dollar Amount of Loans</i>	<i>Percentage of Total Dollar Amount</i>
Consumer	136	71%	\$ 615,872.00	22%
Residential Real Estate	9	5%	\$1,364,830.00	49%
Small Business	47	24%	\$ 830,001.00	29%
Total	192	100%	\$2,810,703.00	100%

The bank's CRA evaluation is based on two categories of loans. Examiners selected consumer and small business loans for review due to the volume of activity, as shown in Table 2. The consumer and small business lending analysis on the following pages is based on a 12-month sample of loans originated between November 1, 2001, and October 31, 2002. The sample includes 96 consumer and 48 small business loans.

The evaluation of the bank's overall lending performance is based on several criteria: net loan-to-deposit ratio, lending inside the assessment area, the distribution of loans to borrowers of different income levels and to businesses of different sizes, and the geographic distribution of loans. In assigning the overall rating, the greatest weight was placed on the bank's level of lending to borrowers of different income levels and to businesses of different sizes.

LOAN-TO-DEPOSIT RATIO ANALYSIS

Given the bank's asset size and financial condition and the assessment area's credit needs, the bank's net loan-to-deposit ratio is good. Based on quarterly ROC data from March 31, 1999, to September 30, 2002, Table 3 identifies the asset sizes and quarterly average net loan-to-deposit ratios for the bank and its competitors in the assessment areas.

TABLE 3 COMPARATIVE NET LOAN-TO-DEPOSIT RATIOS		
<i>Bank and Location</i>	<i>Total Assets (As of September 30, 2002) (in thousands)</i>	<i>Quarterly Average Net Loan-to-Deposit Ratio</i>
First Citizens Bank of Polson Polson, Montana	\$28,076	73%
Community Bank - Missoula, Inc. Missoula, Montana	\$52,612	76%
Valley Bank of Ronan Ronan, Montana	\$38,046	73%
Lake County Bank Saint Ignatius, Montana	\$25,025	58%

The bank does not compete against any similarly situated financial institutions in the assessment area. Each of the competitor institutions listed in the table differs significantly in asset size, portfolio composition, or branch structure.

Since the previous evaluation, the bank's quarterly net loan-to-deposit ratio fluctuated between 62% and 87%. The bank's average net loan-to-deposit ratio for the past 15 quarters is 73%; the average net loan-to-deposit ratio noted at the previous evaluation was 80%.

The bank's net loan-to-deposit ratio compares favorably with that of other banks of similar size and structure. The September 30, 2002, Uniform Bank Performance Report shows that the bank's national peer group net loan-to-deposit ratio was 68% when the bank's ratio was 83%. The bank's net loan-to-deposit ratio places the bank in the 78th percentile of its national peer group. The bank's national peer group consists of all insured commercial banks with assets between \$25 million and \$50 million with one banking office and located in a nonmetropolitan area.

According to bank management, competition among financial institutions within the assessment area is strong; however, deposits have grown slightly since the previous evaluation. The bank's net loan-to-deposit ratio is reasonable and demonstrates that the bank is an active lender. The bank's lending activity is responsive to the assessment area's credit needs.

COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE THE ASSESSMENT AREA

The bank's lending activity in its overall assessment area is excellent. The bank made a substantial majority of the sampled loans within the overall assessment area. Table 4 shows the number and dollar amount of consumer and small business loans that the bank extended within the assessment areas.

TABLE 4 LOANS ORIGINATED INSIDE THE ASSESSMENT AREAS		
<i>Loan Type</i>	<i>Total Number of Loans</i>	<i>Total Dollar Amount of Loans</i>
Consumer	94%	97%
Small Business	98%	94%

As the data in the table indicates, the bank originates more than a substantial majority of its loans in the assessment areas. Based on the concentration of lending within the assessment areas, the bank's performance in this category is excellent.

LENDING TO BORROWERS OF DIFFERENT INCOME LEVELS AND TO BUSINESSES OF DIFFERENT SIZES

Overall, the bank's level of lending to borrowers of different income levels and to businesses of different sizes reflects its responsiveness to community credit needs. The bank's performance in each assessment area is discussed in detail in the following sections.

MISSOULA MSA ASSESSMENT AREA

The bank's level of lending to borrowers of different income levels and to businesses of different sizes in the Missoula MSA assessment area is excellent. The borrower distribution analysis in the Missoula MSA assessment area is based on a loan sample of 25 consumer loans and 27 small business loans. This is the portion of the total loan sample originated to borrowers in the Missoula MSA assessment area.

The following table shows the distribution of families in the Missoula MSA, as well as the distribution of the bank's lending by borrower income. According to 1990 census data, 20,281 families resided in the Missoula MSA.

TABLE 5 DISTRIBUTION OF LOANS IN THE MISSOULA MSA ASSESSMENT AREA BY BORROWER INCOME LEVELS*								
<i>Loan Category</i>	<i>Low-Income Borrowers</i>		<i>Moderate-Income Borrowers</i>		<i>Middle-Income Borrowers</i>		<i>Upper-Income Borrowers</i>	
	#	\$	#	\$	#	\$	#	\$
Consumer	46%	34%	33%	44%	21%	22%	0%	0%
Percentage of Families**	19%		16%		20%		45%	
*Based on the 2001 and 2002 median family income of \$42,900 and \$45,200, respectively, for the Missoula MSA.								
**Based on 1990 census data.								

Consumer lending. The bank's consumer lending activity reflects an excellent distribution among individuals of different income levels. The bank's consumer lending exceeds the percentage of low- and moderate-income families in the assessment area.

Small business lending. The bank has a strong record of providing small business loans to entities with gross annual revenues of \$1 million or less. As defined by CRA, small business loans are most commercial loans with original principal amounts of \$1 million or less. Please refer to Appendix A for more definitions concerning small business lending. Table 6 shows the bank's distribution of small business loans by dollar amount in the Missoula MSA assessment area. The loan amount is one way to determine whether the bank actively extends smaller loans typically requested by small businesses.

<i>Small Business Originations</i>	<i>Less Than \$100,000</i>	<i>More Than \$100,000 to Less Than \$250,000</i>	<i>More Than \$250,000 to Less Than \$1,000,000</i>	<i>Total Originations</i>
Percentage of the Number of Small Business Loans	100%	0%	0%	100%
Percentage of the Amount of Small Business Loans	100%	0%	0%	100%
Percentage of Loans to Businesses With Revenues Less Than \$1 Million	100%	0%	0%	100%
Percentage of the Amount to Businesses With Revenues Less Than \$1 Million	100%	0%	0%	100%

As described in the table, all of the bank's sampled small business loans were for amounts less than \$100,000. Further, the bank made all loans in the sample to entities with gross annual revenues of \$1 million or less.

Overall, the bank's lending to individuals of different income levels and to businesses of different sizes is excellent. The bank extends a significant number of consumer loans to low- and moderate-income borrowers. In addition, all of the bank's sampled small business loans were originated for amounts of \$100,000 or less. The bank demonstrates a strong responsiveness to meeting the credit needs of all residents in its Missoula MSA assessment area.

POLSON ASSESSMENT AREA

The bank's level of lending to borrowers of different income levels and to businesses of different sizes in the Polson assessment area is excellent. Analysis in this category for the Polson assessment area is based on a sample of 65 consumer loans and 20 small business loans.

Table 7 describes the distribution of the bank's lending according to borrower income and the distribution of families according to income level in the Polson assessment area. According to 1990 census data, 5,766 families reside in the Polson assessment area.

<i>Loan Category</i>	<i>Low-Income Borrowers</i>		<i>Moderate-Income Borrowers</i>		<i>Middle-Income Borrowers</i>		<i>Upper-Income Borrowers</i>	
	#	\$	#	\$	#	\$	#	\$
Consumer	34%	19%	21%	12%	10%	4%	34%	65%
Percentage of Families**	27%		20%		23%		30%	

*Based on the 2001 and 2002 median family income of \$38,600 and \$39,600, respectively, for the nonmetropolitan areas of Montana.
**Based on 1990 census data.

Consumer lending. The bank’s consumer lending activity reflects an excellent distribution among individuals of different income levels. The bank’s consumer lending exceeds the percentage of low- and moderate-income families in the assessment area.

Small business lending. The bank has a strong record of providing small business loans to entities with gross annual revenues of \$1 million or less. As defined by CRA, small business loans are most commercial loans with original principal amounts of \$1 million or less. Please refer to Appendix A on page 12 for more definitions concerning small business lending. Table 8 shows the bank’s distribution of small business loans by dollar amount in the Polson assessment area. The loan amount is one way to determine whether the bank actively extends smaller loans typically requested by small businesses.

TABLE 8 SMALL BUSINESS LENDING IN THE POLSON ASSESSMENT AREA				
<i>Small Business Originations</i>	<i>Less Than \$100,000</i>	<i>More Than \$100,000 to Less Than \$250,000</i>	<i>More Than \$250,000 to Less Than \$1,000,000</i>	<i>Total Originations</i>
Percentage of the Number of Small Business Loans	90%	10%	0%	100%
Percentage of the Amount of Small Business Loans	45%	55%	0%	100%
Percentage of Loans to Businesses With Revenues Less Than \$1 Million	89%	50%	0%	85%
Percentage of the Amount to Businesses With Revenues Less Than \$1 Million	88%	54%	0%	70%

As described in the table, the bank extends the majority of its small business loans in amounts less than \$100,000. Further, the bank made the large majority of the number and amount of the loans to entities with gross annual revenues of \$1 million or less.

Overall, the bank’s lending to individuals of different income levels and to entities of different sizes is excellent. A substantial number of the bank’s consumer loans are extended to low- and moderate-income borrowers. In addition, the vast majority of the bank’s small business loans were originated for amounts of \$100,000 or less. The bank demonstrates a strong responsiveness to meeting the credit needs of all residents in its Polson assessment area.

GEOGRAPHIC DISTRIBUTION OF LOANS

The distribution of the bank’s loans throughout the assessment area reflects a satisfactory penetration in the BNAs and CTs of the two assessment areas. Dispersion of loans within geography income levels is reasonable given the location of the bank’s offices relative to the low- and moderate-income geographies in each assessment area. Further detail is given for each assessment area reviewed.

MISSOULA MSA ASSESSMENT AREA

The distribution of the bank’s loans throughout the Missoula MSA assessment area meets the standards for satisfactory performance. Overall, loan sample data reveals that the bank extended loans in 11 of 18 of the CTs in the assessment area. The tract with the branch location had the highest percentage of consumer loan activity while another moderate-income CT near the branch had the highest small business loan activity. The seven tracts of the MSA where the bank did not extend loans make up the city of Missoula. As previously discussed, the bank’s branch is located in East Missoula. It is reasonable,

therefore, that many residents and businesses obtain credit from the numerous lenders located within Missoula. The remaining loans in the sample were reasonably distributed throughout the assessment area.

Table 9 shows the distribution of the bank's loans by income level of CT in the Missoula MSA assessment area. The table also shows the distribution of families by income level in each category of CT. The income level of the CT is determined by the 1990 median family income. The assessment area does not contain any low-income CTs.

<i>Loan Type</i>	<i>Low Income</i>		<i>Moderate Income</i>		<i>Middle Income</i>		<i>Upper Income</i>	
	#	\$	#	\$	#	\$	#	\$
Consumer	NA	NA	28%	16%	72%	84%	0%	0%
Small Business	NA	NA	85%	75%	15%	25%	0%	0%
Percentage of Families by Income Level of Census Tract	NA		23%		53%		24%	
Percentage of Businesses with Annual Revenues of Less Than \$1 Million by Income Level of Census Tract**	NA		70%		74%		70%	
*1990 Median Family Income of \$30,360 for Missoula MSA								
**According to 2002 data published by Dun & Bradstreet								

As described in the table, the bank extended 28% of consumer loans in moderate-income tracts. The bank's level of lending exceeds the percentage of families residing in the moderate-income tracts. The bank's branch is located in a moderate-income tract, which is a largely commercial tract. The bank's performance in this category is satisfactory given the assessment area characteristics and the bank's branch location.

The bank's small business lending in the moderate-income tracts exceeds the distribution of businesses in these tracts. Eighty-five percent of the bank's small business loans were originated in moderate-income tracts. The bank's level of small business lending in the moderate-income tracts is very good.

Overall, the bank's lending to individuals of different income levels and to businesses of different sizes is satisfactory. The bank extends a large percentage of consumer loans in the moderate-income tracts given the demographics of the assessment area. Further, the bank's small business lending to entities in the moderate-income tracts is good and reflects the location of the bank's branch and businesses within the assessment area.

POLSON ASSESSMENT AREA

The distribution of the bank's loans throughout the Polson assessment area meets the standards for satisfactory performance. Overall, loan sample data reveals that the bank extended loans in a majority of the BNAs of the assessment area. The tract with the main office location had the highest percentage of loan activity. The other loans in the sample were reasonably distributed throughout the assessment area.

Table 10 shows the distribution of the bank's loans by income level of census tract in the Polson assessment area. The table also shows the distribution of families by income level in each category of BNA. The income level of the BNA is determined by the 1990 median family income. The assessment area does not contain any low- and upper-income BNAs.

**TABLE 10
DISTRIBUTION OF LOANS IN THE POLSON NON-MSA ASSESSMENT AREA
BY INCOME LEVEL OF BNA***

<i>Loan Type</i>	<i>Low Income</i>		<i>Moderate Income</i>		<i>Middle Income</i>		<i>Upper Income</i>	
	#	\$	#	\$	#	\$	#	\$
Consumer	NA	NA	5%	7%	95%	93%	NA	NA
Small Business	NA	NA	10%	1%	90%	99%	NA	NA
Percentage of Families by Income Level of BNA	NA		22%		78%		NA	
Percentage of Businesses with Annual Revenues of Less Than \$1 Million by Income Level of BNA**	NA		77%		77%		NA	
*1990 Nonmetropolitan Montana Median Family Income of \$26,977								
**According to 2002 data published by Dun & Bradstreet								

The bank extended loans in all but one of the BNAs in the Polson assessment area; however, activity is concentrated in BNA 9953, a middle-income geography. The city of Polson and the bank's main office are located in this BNA. Although the bank's level of lending in the moderate-income BNAs appears limited, it is reasonable given their distance from the bank's office and the strong competition in the area. BNA 9950, the only BNA where the bank did not extend loans, is located furthest from the bank's office.

Overall, the geographic distribution of the bank's loans is good. The bank extends loans in nearly all of the BNAs in the assessment area. As such, the bank's distribution of loans meets this category's standards for satisfactory performance.

GENERAL

The evaluation did not reveal any violations of the substantive fair lending and fair housing laws and regulations. In addition, the bank has not received any CRA-related complaints since the previous evaluation.

Appendix A Glossary of Common CRA Terms

(For additional information, please see the Definitions sections of Regulation BB at 12 C.F.R. 228.12.)

Assessment Area - The geographic area(s) delineated by the bank and used in evaluating the bank's record of helping to meet the needs of its community. The assessment area must include the geographies where the main office, branches, and deposit-taking automated teller machines are located. The assessment area must consist only of whole geographies, may not reflect illegal discrimination, and may not arbitrarily exclude low- or moderate-income geographies.

Block Numbering Areas ("BNA") - BNAs are geographic entities similar to census tracts. Metropolitan areas are most often delineated into census tracts, while rural areas are delineated into BNAs.

Census Tracts - Census tracts are small, relatively permanent geographic entities within counties delineated by a committee of local data users. Generally, census tracts have between 2,500 and 8,000 residents and boundaries that follow visible features.

Community Development - Includes affordable housing (including multifamily rental housing) for low- and moderate-income individuals, community services targeted to low- and moderate-income individuals, activities that promote economic development by financing businesses or farms that have gross annual revenues of \$1 million or less, or activities that revitalize or stabilize low- or moderate-income geographies.

Community Development Loan - A loan that has community development as its primary purpose and (except in the case of a wholesale or limited-purpose bank):

- has not been reported or collected by the bank or an affiliate as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan, and
- benefits the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s).

Community Development Service - A service that has as its primary purpose community development is related to the provision of financial services, has not been considered in the evaluation of the bank's retail banking services, benefits the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area, and has not been claimed by other affiliated institutions.

Consumer Loans - Loans to individuals for household, family, and other personal expenditures. These loans do not include real estate-secured loans.

Dun & Bradstreet Data - Data collected by Dun & Bradstreet regarding types of businesses and their respective gross annual revenues. This data can be sorted by geographies.

Income Level - Both geographies and individuals can be described in terms of their income levels. In MSAs, the level is based on the MSA median income. In non-MSA areas, the level is based on the statewide, non-MSA median income.

- **Low Income** - Less than 50 percent of the area median income.
- **Moderate Income** - At least 50 percent and less than 80 percent of area median income.
- **Middle Income** - At least 80 percent and less than 120 percent of the area median income.
- **Upper Income** - At least 120 percent or more of the area median income.

Metropolitan Statistical Area (“MSA”) - A federally designated geographical unit consisting of an urbanized area with a central city of at least 50,000 residents and a regional population of 100,000. MSAs may cross state boundaries.

Qualified Investment - A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Small Business - A business with gross annual revenues of \$1 million or less.

Small Business Loan - A loan with an original amount of \$1 million or less that has been reported in the Consolidated Report of Condition and Income in the category “Loans secured by nonfarm nonresidential properties” or “Commercial and industrial loans.”

Small Farm - A farm with gross annual revenues of \$1 million or less.

Small Farm Loan - A loan with an original amount of \$500,000 or less that has been reported in the Consolidated Report of Condition and Income in the category “Loans secured by farmland” or “Loans to finance agricultural production and other loans to farmers.”